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## **AHFME MEMBER 1997 TOTAL ANNUAL EARNINGS SURVEY**

**Raymond S. Schmidgall**

### **ABSTRACT**

This study was conducted to determine the 1997 annual earnings of hospitality financial management educators. Just over fifty percent of AHFME's members affiliated with educational institutions responded. Annual base salaries ranged from \$25,000 to \$110,000. The lowest-paid member is an assistant professor while the highest-paid member is a full professor. Most respondents supplement their base salaries by teaching during summer school and doing consulting work. The total annual earnings of members ranged from \$29,000 to \$180,000. Hospitality financial management educators appear to be more highly compensated than hospitality industry financial executives.

### **The 1997 Survey**

Financial management educators are respected as teachers and researchers, but how well are they paid by their institutions? Further, how much additional income do they earn from their employers beyond their annual salaries? What are their external earnings? How have their total earnings changed over the past few years? In order to determine answers to these questions and others, a questionnaire was mailed to the 60 educator members of AHFME in February 1998. This article is based on the responses of the 35 members who returned the questionnaire (58% of the members).

Table 1 reflects selected characteristics of the respondents. The largest groups of respondents by faculty rank were 14 professors and 14 associate professors, followed by 5 assistant professors. Seven (20%) of the respondents were administrators of hospitality programs. The locations of the respondents' academic units were a separate college, colleges of business and human ecology, and other colleges. The highest degree granted by the universities of the respondents for the hospitality discipline ranged from a bachelor's degree to a Ph.D.

Other characteristics of respondents included the following:

- Sixty-six percent of the respondents were employed by public universities, while 34% were employed by private universities.
- Twenty percent of the respondents were female, 80% were male.
- The specializations of respondents included ten in accounting (28%), seven in cost control (20%), nine in finance (26%), and the remaining nine (26%) in other areas. Other areas of expertise indicated by AHFME members were human resources, tourism, food management, IS, strategy, and real estate. None of these other areas had more than two respondents.
- The highest degrees earned by respondents varied from five members with a master's degree to 28 with doctorates.

Table 1  
Selected Characteristics of Survey Respondents

<b>Part A Faculty Rank</b>	<b>%</b>
Instructor	3%
Assistant Professor	14
Associate Professor	40
Professor	40
Other	3
Total	100%
<b>Part B Department Location</b>	<b>%</b>
Business College	38%
Separate College	24
Human Ecology	21
Other	17
Total	100%
<b>Part C Highest Hospitality Degree</b>	<b>%</b>
Bachelor's	35%
Master's	33
Ph.D.	32
Total	100%

Five respondents had earned their CPA, one the CMA, and ten members had other professional certifications such as CHTP and CHAE.

Respondents, on average, have been with their current institutions 11.4 years. Six (17%) have less than four years with their current institutions, while seven (20%) have more than 20 years. Those respondents who have 8 to 10 years of experience (23%) make up the largest group. The average duration of employment with education organizations was 15.7; thus, on average, respondents have been with their current institutions just over 70% of their educational careers.

AHFME members were queried regarding their years of industry experience. Responses ranged from zero years (one respondent) to over 20 years. The median response was ten years. Fifteen reported less than ten years, fifteen reported between 10 and 20 years, and four reported 20 or more years.

### *Salaries*

The annual salaries, excluding additional university compensation such as summer pay, of responding AHFME members ranged from \$25,000 to \$110,000. The mean average salary was \$68,827, and the largest group of respondents received between \$70,001 and \$80,000, as shown in Table 2.

Table 2  
Annual Salaries of AHFME Members

Salary Levels	Number of Respondents	%
<\$35,000	1	2.9%
35,001–40,000	2	5.9
40,001–45,000	0	0.0
45,001–50,000	2	5.9
50,001–55,000	5	14.7
55,001–60,000	3	8.8
60,001–65,000	4	11.8
65,001–70,000	2	5.9
70,001–80,000	7	20.5
80,001–90,000	2	5.9
90,001–100,000	2	5.9
>100,000	4	11.8
Total	34	100%

Table 3  
Average Salary by Faculty Rank

Rank	Number of Respondents	Range	Mean
Assistant Professor	5	\$25,000–\$75,000	\$54,960
Associate Professor	14	36,500–94,000	61,714
Professor	13	63,000–110,000	85,385

The range of mean annual salaries varies from \$54,960 for assistant professors to \$85,385 for full professors. The seven respondents who indicated they were administrators reported salaries that ranged from \$47,500 to \$108,000, with an average of \$80,857. Since only one respondent held the rank of instructor, the numbers for instructor are not shown in Tables 3 and 8.

The range and average salary by the location of respondents' academic units are shown in Table 4.

Table 4  
Salaries by Location of Academic Unit

Location	Number of Respondents	Range	Mean
Separate College	7	\$36,500-\$108,000	\$76,186
Business College	13	36,325-110,000	74,986
Human Ecology	7	51,000-85,000	67,571
Other Colleges	6	25,000-70,000	51,000

Based on Table 4, the range of average salaries by the location of academic unit is \$25,186. AHFME members "located" in separate colleges earn the highest average salaries, while those faculty whose hospitality programs are located in the category "other colleges" have the lowest average salaries. Average annual salaries of faculty in business colleges and human ecology colleges fall between these two.

The salary range and average by highest degree offered by members' schools are shown in Table 5. There is a considerable difference between the average salaries based on highest degree offered. Surprisingly, programs offering a bachelor's degree paid AHFME members almost as much as those offering a masters, but, as expected, those offering a doctorate paid much more than those offering lesser degrees.

Table 5  
Salary by Highest Degree Offered

Degree	Number of Respondents	Range	Mean
Bachelor's	12	\$36,325-\$83,500	\$63,569
Master's	10	36,500-110,000	64,050
Ph.D.	11	25,000-108,000	80,345

The ranges and averages of salaries by specialization are shown in Table 6. AHFME members reported three major specializations: accounting, cost control, and finance. Nine respondents identified other areas. Of the three major areas of specialization, the highest average salary is paid to faculty specializing in cost control.

Table 6  
Salaries by Specialization

Specialization	Number of Respondents	Range	Mean
Accounting	10	\$36,325-\$108,000	\$62,733

Table 6 (continued)  
Salaries by Specialization

Cost Control	7	65,000–94,000	80,714
Finance	8	25,000–108,000	65,250
Other	9	51,000–110,000	69,533

Finally, respondents were queried regarding their levels of satisfaction with their annual salaries. Eight (24%) indicated they were very satisfied, while 15 (44%) revealed that they were reasonably satisfied. The remaining 11 (32%) indicated some degree of dissatisfaction; eight were dissatisfied, while three indicated they were very or extremely dissatisfied. Clearly, the majority of AHFME respondents (68%) were satisfied with their salaries.

### *Additional Compensation*

Twenty-six of the respondents (74%) indicated they received additional compensation from their universities. This compensation generally was for individuals on a nine-month contract who were paid for teaching summer school. The additional compensation ranged from \$2,000 to \$30,000. The average (mean) additional compensation was \$14,200, while the median amount was \$12,100.

### *External Earnings*

AHFME members were further queried regarding their earnings from sources external to their institutions. Choices included on the questionnaire were honorariums, royalties, consulting fees, and "other." Table 7 contains a summary of members' responses. Consulting was the most common source of non-institutional income; 19 members (54%) earned an average of \$14,221 per year doing consulting work. Seven members reported being paid honorariums and 12 reported royalties. Seven members had other income sources. In total, 28 (80%) of the AHFME reporting membership earned income from external sources, ranging from \$100 to \$75,000. The average external earnings for respondents reporting external earnings was \$16,907.

Table 7  
External Earnings

Type of Income	Number of Respondents	Range	Median	Mean
Honorariums	7	\$100–\$10,000	\$1,500	\$ 2,843
Royalties	12	500–35,000	4,500	9,433
Consulting	19	500–50,000	8,000	14,221
Other	7	2,000–25,000	6,500	9,857
All Sources	28	6,000–75,000	8,250	16,907

**Total Earnings**

The average annual total earnings of reporting AHFME members is \$93,533. The range of total earnings is \$29,000 to \$180,000. Thirteen individuals reported total earnings in excess of \$100,000. Table 8 reveals the total average earnings of AHFME members by faculty rank. As expected, full professors have the highest total earnings of the three faculty rankings. The difference between the average total earnings for assistant professors (\$68,360) and full professors (\$121,408) is \$53,408. AHFME members who are full professors earn an average of 78% more than assistant professors. However, this research also suggests that as assistant professors earn their rank, much larger paychecks will come!

Table 8  
Total Earnings of AHFME Members

Faculty Rank	Number of Respondents	Range of Total Earnings	Mean	Median
Assistant Professor	5	\$29,000–\$103,000	\$ 68,360	\$ 56,000
Associate Professor	14	47,500–135,000	82,729	74,500
Professor	13	83,000–180,000	121,408	113,500

Seven respondents who indicated they were administrators reported total earnings ranging from \$68,150 to \$133,000. The mean average was \$105,679, while the median was \$113,500. It is interesting to note that full professors who are AHFME members earned more than administrators who are AHFME members.

A comparison of the average salary by faculty rank (including administrators) and total earnings by rank is shown in Table 9.

Table 9  
Comparison of Average Salaries and Total Earnings by Faculty Rank

Faculty Rank	Average Base Salary	Average Total Earnings	Diff. \$	Diff. %
Assistant Professor	\$54,960	\$ 68,360	\$13,400	24%
Associate Professor	61,714	82,729	21,015	34
Professor	85,385	121,408	36,023	42
Administrator	80,857	105,679	24,822	31

The higher the faculty rank, the larger the difference between the base salary and total earnings. The differences, as shown in Table 9, are in both absolute and relative terms. Assistant professors, on average, earn \$13,400 more than their base salaries, which is a 24% difference, while the full professors' annual total earnings are \$121,408, which is

42% greater than their average base salaries of \$85,385. Responding members who are associate professors had a 34% increase in compensation. Administrators, who have twelve-month contracts, generally have less time than the tenured professors to increase their total earnings beyond their salaries. Still, they increased their total earnings by \$24,822, or 31% above their base salaries—a smaller percentage difference than those for the associate professors.

The average non-salary earnings and average total annual earnings by area of specialization are shown in Table 10. The average total annual earnings by area of specialization varied significantly. (The average non-salary earnings is only for the number of recipients in each category.) The average non-salary earnings of "other" exceeded those of respondents specializing in accounting, cost control, and finance, and the "other" specialists had the highest average total annual earnings, compared to their colleagues in other specializations.

Table 10  
Non-Salary Earnings and Total Earnings by Area of Specialization

Specialization	Average Non-Salary Earnings	Average Total Annual Earnings
Accounting	\$28,580	\$ 91,313
Cost Control	14,829	95,543
Finance	28,650	93,900
Other	36,342	105,875

### Comparisons to Prior Years

Similar studies of total annual earnings of AHFME members were conducted for 1989–1996.<sup>1</sup> A brief comparison of the results are shown in Table 11. Overall, salaries increased from 1989 to 1991, dropped slightly in both 1992 and 1993, and increased significantly from 1994 to 1996.

<sup>1</sup> Schmidgall, R.S. (1998). AHFME member 1996 total annual earnings survey. *The Journal of Hospitality Financial Management*, 6 (1), 75–83.

Schmidgall, R.S. (1997). AHFME member 1995 total annual earnings survey. *The Journal of Hospitality Financial Management*, 5 (1), 49–57.

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Schmidgall, R.S. (1996). AHFME member 1992 total annual earnings survey. *The Journal of Hospitality Financial Management*, 3 (1), 57–70.

Schmidgall, R.S. (1995). AHFME member 1991 total annual earnings survey. *The Journal of Hospitality Financial Management*, 2 (1), 45–55.

Schmidgall, R.S. (1995). AHFME member 1990 total annual earnings survey. *The Journal of Hospitality Financial Management*, 1 (1), 65–74.



Table 11  
Comparative Salaries and Total Earnings  
1989–1997

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Average Annual Salaries	\$43,000	\$50,820	\$51,613	\$51,491	\$51,428	\$57,390	\$59,263	\$70,473	\$68,827
Average Total Annual Earnings	65,415	69,106	68,642	66,479	70,460	75,128	74,106	88,186	93,533
<b>Average total earnings by faculty rank:</b>									
Instructor	\$38,250	\$39,400	\$40,765	\$43,760	\$43,000	\$ 27,000	\$37,337	NA	\$29,000
Assistant Professor	52,540	59,096	53,775	52,680	56,000	49,072	53,086	64,386	68,360
Associate Professor	65,511	66,152	71,057	65,612	73,433	69,849	73,795	77,694	82,729
Full Professor	99,207	96,917	90,700	95,391	96,478	108,783	99,745	115,493	121,408
Administrator	*	71,667	64,842	70,622	77,213	71,908	72,750	82,200	105,679

\* Not included in the 1989 survey.

### *Comparison to Others*

It is interesting to compare the 1997 salary figures from Table 11 to the average compensation of financial executives in the hospitality industry in 1997. Roth Young's 1997 hospitality industry survey revealed median annual salaries of various financial managers as follows:<sup>2</sup>

Hotels—chief financial officer	\$97,000
Hotels—corporate controller	55,000
Hotels—controller	43,000
Foodservice—corporate controller	50,000

A comparison of AHFME-member total annual earnings, which averaged \$93,533 in 1997, to hospitality financial executives suggest that the educators generally earn considerably more than their counterparts in the hospitality industry.

### **Summary**

The mean average salary of AHFME members participating in AHFME's annual total earnings survey was \$68,827. The average salary varied by rank from \$54,960 for as-

<sup>2</sup> Young, R. (1998). 1997 U.S. Hospitality Industry Salaries.

sistant professors to \$85,385 for full professors. AHFME members specializing in cost control topped the list.

Seventy-four percent of the responding AHFME members reported receiving additional compensation from their institutions. The mean average was \$14,200.

Eighty percent of the respondents reported external earnings, which averaged \$16,907. The most common source of external earnings was consulting.

The total annual earnings that respondents reported for 1997 ranged from \$29,000 to \$180,000. The average was \$93,533. The percentage increase in respondents' compensation from their base salaries to total compensation by rank varied from a 24% increase for assistant professors to a 42% increase for full professors.

Finally, 68% of respondents reported some degree of satisfaction with their salaries, while the remaining 32% reported some degree of dissatisfaction.

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